



**PUTNAM COUNTY
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Putnam County
245 East Main Street
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, Ohio (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Auto License and Gas Tax, Brookhill Center School, and American Rescue Plan Act Funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the County's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2023

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PUTNAM COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 UNAUDITED

The discussion and analysis of Putnam County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2022, within the limitations of the County's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

Overall:

- Total net position increased \$4,408,304 with governmental activities increasing by \$4,502,374 and business-type activities decreasing by \$94,070.
- Total cash receipts were \$41,225,697 in 2022.
- Total program cash disbursements were \$36,817,393 in 2022.

Governmental Activities:

- Total program cash receipts were \$22,046,980 in 2022, while program cash disbursements were \$33,794,615.
- Program cash disbursements were primarily composed of general government, public safety, public works, health, human services, and capital outlay related cash disbursements which were \$30,659,053 in 2022.

Business-Type Activities:

- Program cash receipts were \$2,335,046 for business-type activities, while corresponding cash disbursements were \$3,022,778.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

Report Components

The statement of net position and statement of activities provide information about the cash activities of the County as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

PUTNAM COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022 UNAUDITED (Continued)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2022, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other nonfinancial factors as well such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and sales taxes.

In the statement of net position and the statement of activities, we divide the County into two types of activities:

Governmental Activities – Most of the County's basic services are reported here, including public safety, public works, health, and human services. State and federal grants and sales and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities – The County has one major business-type activity, the Putnam County Emergency Medical Services Fund. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the County's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the County are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Most of the County's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the County's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the County's programs. The County's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The County's major governmental funds are the General Fund, Auto License and Gas Tax Fund, Brookhill Center School Fund, and American Rescue Plan Act Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

PUTNAM COUNTY

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED
(Continued)

Proprietary Funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The County has one major enterprise fund, the Putnam County Emergency Medical Services Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the County’s programs.

The County as a Whole

Recall that the statement of net position-cash basis provides the perspective of the County as a whole. Table 1 provides a summary of the County’s net position at December 31, 2022 compared to December 31, 2021.

**Table 1
Net Cash Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>Assets</i>				
Equity in Pooled				
Cash and Cash Equivalents	\$ 44,708,140	\$ 40,205,766	\$ 2,440,943	\$ 2,535,013
<i>Net Cash Position</i>				
Restricted for:				
Debt service	\$ 1,289	\$ 1,289	\$ -	\$ -
Capital projects	3,341,782	4,208,013	-	-
Other purposes	26,014,193	23,946,524	-	-
Unrestricted	15,350,876	12,049,940	2,440,943	2,535,013
<i>Total Net Position</i>	<u>\$ 44,708,140</u>	<u>\$ 40,205,766</u>	<u>\$ 2,440,943</u>	<u>\$ 2,535,013</u>

Total assets increased by \$4,408,304.

PUTNAM COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED
(Continued)

Table 2 shows the changes in net position-cash basis for 2022 compared to changes in net position-cash basis for 2021.

Table 2
Changes In Net Cash Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>Cash receipts</i>				
<i>Program cash receipts</i>				
Charges for services and sales	\$ 4,504,855	\$ 4,498,968	\$ 1,987,646	\$ 1,968,970
Operating grants and contributions	16,756,342	15,634,541	-	-
Capital grants and contributions	785,783	1,281,893	347,400	-
Total program cash receipts	<u>22,046,980</u>	<u>21,415,402</u>	<u>2,335,046</u>	<u>1,968,970</u>
<i>General cash receipts, transfers, and advances</i>				
Property taxes	7,040,193	6,930,540	551,072	543,357
Payment in lieu of taxes	3,127	12,844	-	-
Sales taxes	6,277,358	5,847,743	-	-
Grants and entitlements	1,156,596	1,100,372	8,801	9,304
Investment earnings	774,062	195,960	-	-
Transfers and advances	(13,813)	53,113	(15,522)	(93,113)
Miscellaneous	1,012,486	1,165,520	49,311	153,756
Total general cash receipts, transfers, and advances	<u>16,250,009</u>	<u>15,306,092</u>	<u>593,662</u>	<u>613,304</u>
<i>Total cash receipts, transfers, and advances</i>	<u>38,296,989</u>	<u>36,721,494</u>	<u>2,928,708</u>	<u>2,582,274</u>
<i>Cash disbursements</i>				
<i>Program cash disbursements</i>				
<i>General government</i>				
Legislative and executive	4,718,763	4,124,879	-	-
Judicial	1,766,011	1,741,340	-	-
Public safety	5,774,444	5,428,978	-	-
Public works	7,449,702	4,704,789	-	-
Health	5,428,942	5,105,571	-	-
Human services	3,554,239	3,468,976	-	-
Conservation and recreation	147,428	-	-	-
Economic development and assistance	1,764,556	923,187	-	-
Miscellaneous	1,207,200	1,377,941	-	-
Capital outlay	1,966,952	1,736,683	-	-
<i>Debt service:</i>				
Principal retirement	12,192	12,011	-	-
Interest and fiscal charges	4,186	4,367	-	-
Water and sewer	-	-	165,588	161,579
Sanitary landfill	-	-	211,175	356,615
Emergency medical services	-	-	2,589,095	1,960,806
Putnam Acres	-	-	56,920	81,658
Total Cash Disbursements	<u>33,794,615</u>	<u>28,628,722</u>	<u>3,022,778</u>	<u>2,560,658</u>
<i>Change In Net Cash Position</i>	4,502,374	8,092,772	(94,070)	21,616
Net Cash Position at Beginning of Year	<u>40,205,766</u>	<u>32,112,994</u>	<u>2,535,013</u>	<u>2,513,397</u>
Net Cash Position at End of Year	<u>\$ 44,708,140</u>	<u>\$ 40,205,766</u>	<u>\$ 2,440,943</u>	<u>\$ 2,535,013</u>

PUTNAM COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED
(Continued)

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, County's dependence upon property taxes is hampered by a lack of tax growth and must return to the voters to maintain a constant level of service. Property taxes and sales taxes made up 18.38 percent and 16.39 percent, respectively, of cash receipts for governmental activities for Putnam County in 2022. Operating grants and contributions made up 43.75 percent of cash receipts for governmental activities for the County.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Almost 89.95 percent of human services activities are supported through charges for services and operating grants and contributions; for all governmental activities, general cash receipts, transfers, and advances support is 48.08 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for the County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

**Table 3
Total Cost of Program Services
Governmental Activities**

	2022		2021	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General government				
Legislative and executive	\$ 4,718,763	\$ 1,429,010	\$ 4,124,879	\$ (1,300,141)
Judicial	1,766,011	954,191	1,741,340	849,799
Public safety	5,774,444	4,351,974	5,428,978	4,762,997
Public works	7,449,702	1,084,002	4,704,789	(1,592,639)
Health	5,428,942	2,692,106	5,105,571	2,630,291
Human services	3,554,239	357,229	3,468,976	511,694
Conservation and recreation	147,428	(114,562)	-	-
Economic development	1,764,556	(793,999)	923,187	(54,532)
Miscellaneous	1,207,200	1,032,471	1,377,941	1,305,276
Capital outlay	1,966,952	738,835	1,736,683	84,197
Debt Service				
Principal retirement	12,192	12,192	12,011	12,011
Interest and fiscal charges	4,186	4,186	4,367	4,367
Total Cash Disbursements	<u>\$ 33,794,615</u>	<u>\$ 11,747,635</u>	<u>\$ 28,628,722</u>	<u>\$ 7,213,320</u>

Business-Type Activities

Business-type activities include emergency medical services. Overall net position decreased \$94,070 from 2021 to 2022. Program cash receipts support most business-type activities although; during 2022 program cash receipts did not exceed program cash disbursements.

PUTNAM COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED
(Continued)**

The County's Funds

These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$40,172,341 and cash disbursements and other financing uses of \$35,669,967. The fund balance for the year in the General Fund went from \$8,982,411 in 2021 to \$11,906,909 for 2022. For the General Fund, cash receipts and other financing sources exceeded cash disbursements and other financing uses in the amount of \$2,924,498. These factors along with cash receipts exceeding cash disbursements in the American Rescue Plan Act Fund in the amount of \$1,813,971 resulted in governmental fund cash balances increasing \$4,502,374.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts were \$10,105,503. Total actual disbursements and other financing uses on the budget basis (cash disbursements plus encumbrances) were \$10,656,711; \$1,463,087 less than final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$1,966,952 during 2022.

Debt

At December 31, 2022, the County's outstanding debt included \$269,900 in loans payable from governmental activities. For further information regarding the County's debt, refer to Note 12 to the financial statements.

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, and intergovernmental monies are decreasing, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Robert L. Benroth, County Auditor, by email at bob.benroth@putnamcountyohio.gov or by mail at Putnam County Courthouse, 245 East Main Street, Suite 201, Ottawa, Ohio 45875-1968.

PUTNAM COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets:			
Equity in pooled cash and cash equivalents	\$ 44,708,140	\$ 2,440,943	\$ 47,149,083
Net position:			
Restricted for:			
Debt service	1,289	-	1,289
Capital projects	3,341,782	-	3,341,782
Other purposes	26,014,193	-	26,014,193
Unrestricted	15,350,876	2,440,943	17,791,819
Total net position	<u>\$ 44,708,140</u>	<u>\$ 2,440,943</u>	<u>\$ 47,149,083</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 4,718,763	\$ 2,016,718	\$ 1,273,035	\$ -
Judicial	1,766,011	683,150	128,670	-
Public safety	5,774,444	183,446	1,239,024	-
Public works	7,449,702	349,342	5,478,855	537,503
Health	5,428,942	130,698	2,606,138	-
Human services	3,554,239	118,850	3,078,160	-
Conservation and recreation	147,428	-	261,990	-
Economic development and assistance	1,764,556	42,814	2,515,741	-
Miscellaneous	1,207,200	-	174,729	-
Capital outlay	1,966,952	979,837	-	248,280
Debt service:				
Principal retirement	12,192	-	-	-
Interest and fiscal charges	4,186	-	-	-
Total governmental activities	<u>33,794,615</u>	<u>4,504,855</u>	<u>16,756,342</u>	<u>785,783</u>
Business-type activities:				
Water and sewer	165,588	194,793	-	-
Sanitary landfill	211,175	269,134	-	-
Emergency medical services	2,589,095	1,523,719	-	347,400
Putnam Acres	56,920	-	-	-
Total business-type activities	<u>3,022,778</u>	<u>1,987,646</u>	<u>-</u>	<u>347,400</u>
Totals	<u>\$ 36,817,393</u>	<u>\$ 6,492,501</u>	<u>\$ 16,756,342</u>	<u>\$ 1,133,183</u>

General receipts:

Property taxes levied for:

 General purposes

 Brookhill Center School

 Mental health

 911 systems

 Emergency medical services

Payment in lieu of taxes

Sales taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

Transfers and advances

Miscellaneous

Total general receipts, transfers, and advances

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Disbursements) Receipts
and Changes in Net Position**

	Governmental Activities	Business-Type Activities	Total
\$	(1,429,010)	\$ -	\$ (1,429,010)
	(954,191)	-	(954,191)
	(4,351,974)	-	(4,351,974)
	(1,084,002)	-	(1,084,002)
	(2,692,106)	-	(2,692,106)
	(357,229)	-	(357,229)
	114,562	-	114,562
	793,999	-	793,999
	(1,032,471)	-	(1,032,471)
	(738,835)	-	(738,835)
	(12,192)	-	(12,192)
	(4,186)	-	(4,186)
	<u>(11,747,635)</u>	<u>-</u>	<u>(11,747,635)</u>
	-	29,205	29,205
	-	57,959	57,959
	-	(717,976)	(717,976)
	-	(56,920)	(56,920)
	<u>-</u>	<u>(687,732)</u>	<u>(687,732)</u>
	<u>(11,747,635)</u>	<u>(687,732)</u>	<u>(12,435,367)</u>
	2,290,502	-	2,290,502
	2,958,967	-	2,958,967
	576,366	-	576,366
	1,214,358	-	1,214,358
	-	551,072	551,072
	3,127	-	3,127
	6,277,358	-	6,277,358
	1,156,596	8,801	1,165,397
	774,062	-	774,062
	(13,813)	(15,522)	(29,335)
	<u>1,012,486</u>	<u>49,311</u>	<u>1,061,797</u>
	<u>16,250,009</u>	<u>593,662</u>	<u>16,843,671</u>
	4,502,374	(94,070)	4,408,304
	<u>40,205,766</u>	<u>2,535,013</u>	<u>42,740,779</u>
\$	<u>44,708,140</u>	<u>\$ 2,440,943</u>	<u>\$ 47,149,083</u>

PUTNAM COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General</u>	<u>Auto License and Gas Tax</u>	<u>Brookhill Center School</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 11,906,909	\$ 3,837,489	\$ 7,361,345	\$ 4,836,118	\$ 16,766,279	\$ 44,708,140
Fund balances:						
Nonspendable	\$ 14,126	\$ -	\$ -	\$ -	\$ -	\$ 14,126
Restricted	-	3,837,489	7,361,345	4,836,118	13,322,312	29,357,264
Committed	-	-	-	-	1,205,114	1,205,114
Assigned	296,963	-	-	-	2,238,853	2,535,816
Unassigned	11,595,820	-	-	-	-	11,595,820
Total fund balances	\$ 11,906,909	\$ 3,837,489	\$ 7,361,345	\$ 4,836,118	\$ 16,766,279	\$ 44,708,140

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Auto License and Gas Tax	Brookhill Center School	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
Receipts:						
Property taxes	\$ 2,290,502	\$ -	\$ 2,958,967	\$ -	\$ 1,790,724	\$ 7,040,193
Sales taxes	6,026,254	-	-	-	251,104	6,277,358
Permissive license tax	-	537,503	-	-	-	537,503
Charges for services	1,346,855	283,535	2,875	-	875,636	2,508,901
Licenses and permits	260,009	-	-	-	118,693	378,702
Fines and forfeitures	250,437	32,567	-	-	83,385	366,389
Intergovernmental	1,285,266	5,426,885	789,797	3,288,551	7,317,576	18,108,075
Payment in lieu of taxes	3,127	-	-	-	-	3,127
Special assessments	-	-	-	-	678,849	678,849
Investment income	762,959	51,970	-	-	12,276	827,205
Rental income	264,466	-	-	-	307,548	572,014
Other	477,846	101,142	50,259	-	383,239	1,012,486
Total receipts	12,967,721	6,433,602	3,801,898	3,288,551	11,819,030	38,310,802
Disbursements:						
Current:						
General government:						
Legislative and executive	3,237,755	-	-	424,251	1,056,757	4,718,763
Judicial	1,524,454	-	-	-	241,557	1,766,011
Public safety	3,830,392	-	-	347,693	1,596,359	5,774,444
Public works	105,233	7,344,469	-	-	-	7,449,702
Health	98,711	-	2,999,695	-	2,330,536	5,428,942
Human services	365,027	-	-	-	3,189,212	3,554,239
Conservation and recreation	-	-	-	72,636	74,792	147,428
Economic development and assistance	-	-	-	630,000	1,134,556	1,764,556
Miscellaneous	687,098	-	-	-	303,200	990,298
Capital outlay	-	-	-	-	1,966,952	1,966,952
Debt service:						
Principal retirement	-	-	-	-	12,192	12,192
Interest and fiscal charges	-	-	-	-	4,186	4,186
Total disbursements	9,848,670	7,344,469	2,999,695	1,474,580	11,910,299	33,577,713
Excess of receipts over (under) disbursements	3,119,051	(910,867)	802,203	1,813,971	(91,269)	4,733,089
Other financing sources (uses):						
Transfers in	-	-	-	-	922,770	922,770
Transfers out	(31,525)	-	(300,000)	-	(575,723)	(907,248)
Advances in	648,040	-	-	-	290,729	938,769
Advances out	(595,166)	-	-	-	(372,938)	(968,104)
Other financing uses	(215,902)	-	-	-	(1,000)	(216,902)
Total other financing sources (uses)	(194,553)	-	(300,000)	-	263,838	(230,715)
Net change in fund balances	2,924,498	(910,867)	502,203	1,813,971	172,569	4,502,374
Fund balances at beginning of year	8,982,411	4,748,356	6,859,142	3,022,147	16,593,710	40,205,766
Fund balances at end of year	\$ 11,906,909	\$ 3,837,489	\$ 7,361,345	\$ 4,836,118	\$ 16,766,279	\$ 44,708,140

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property taxes	\$ 2,282,203	\$ 2,282,203	\$ 2,290,502	\$ 8,299
Sales taxes	4,600,000	4,600,000	6,026,254	1,426,254
Charges for services	988,610	988,610	1,308,560	319,950
Licenses and permits	1,050	1,050	1,725	675
Fines and forfeitures	260,000	260,000	250,437	(9,563)
Intergovernmental	1,014,359	1,014,359	1,285,266	270,907
Payment in lieu of taxes	1,000	1,000	3,127	2,127
Investment income	120,000	120,000	759,675	639,675
Rental income	273,130	273,130	264,466	(8,664)
Other	565,151	565,151	448,204	(116,947)
Total receipts	10,105,503	10,105,503	12,638,216	2,532,713
Disbursements:				
Current:				
General government:				
Legislative and executive	3,581,250	3,674,615	3,255,370	419,245
Judicial	1,484,634	1,555,586	1,336,281	219,305
Public safety	4,326,830	4,329,345	3,915,380	413,965
Public works	114,000	114,000	105,233	8,767
Health	101,500	104,951	98,711	6,240
Human services	584,031	584,031	423,409	160,622
Miscellaneous	856,225	914,405	679,734	234,671
Total disbursements	11,048,470	11,276,933	9,814,118	1,462,815
Excess of receipts over (under) disbursements	(942,967)	(1,171,430)	2,824,098	3,995,528
Other financing sources (uses):				
Transfers in	-	-	32,395	32,395
Transfers out	-	(31,525)	(31,525)	-
Advances in	-	-	648,040	648,040
Advances out	-	(595,166)	(595,166)	-
Other financing uses	(192,000)	(216,174)	(215,902)	272
Total other financing sources (uses)	(192,000)	(842,865)	(162,158)	680,707
Net change in fund balance	(1,134,967)	(2,014,295)	2,661,940	4,676,235
Fund balance at beginning of year	7,474,655	7,474,655	7,474,655	-
Prior year encumbrances appropriated	224,048	224,048	224,048	-
Fund balance at end of year	\$ 6,563,736	\$ 5,684,408	\$ 10,360,643	\$ 4,676,235

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 AUTO LICENSE AND GAS TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Permissive license tax	\$ 480,000	\$ 480,000	\$ 537,503	\$ 57,503
Charges for services	150,000	150,000	283,535	133,535
Fines and forfeitures	30,000	30,000	32,567	2,567
Intergovernmental	5,350,000	5,350,000	5,426,885	76,885
Investment income	15,500	15,500	51,970	36,470
Other	500	500	101,142	100,642
Total receipts	<u>6,026,000</u>	<u>6,026,000</u>	<u>6,433,602</u>	<u>407,602</u>
Disbursements:				
Public works	<u>7,099,371</u>	<u>8,216,218</u>	<u>7,599,440</u>	<u>616,778</u>
Net change in fund balance	(1,073,371)	(2,190,218)	(1,165,838)	1,024,380
Fund balance at beginning of year	3,674,985	3,674,985	3,674,985	-
Prior year encumbrances appropriated	<u>1,073,371</u>	<u>1,073,371</u>	<u>1,073,371</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,674,985</u>	<u>\$ 2,558,138</u>	<u>\$ 3,582,518</u>	<u>\$ 1,024,380</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 BROOKHILL CENTER SCHOOL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property taxes	\$ 2,942,449	\$ 2,942,449	\$ 2,958,967	\$ 16,518
Charges for services	5,000	5,000	2,875	(2,125)
Intergovernmental	682,114	682,114	789,797	107,683
Other	25,000	25,000	50,259	25,259
Total receipts	<u>3,654,563</u>	<u>3,654,563</u>	<u>3,801,898</u>	<u>147,335</u>
Disbursements:				
Health	<u>6,487,815</u>	<u>6,712,789</u>	<u>3,297,691</u>	<u>3,415,098</u>
Excess of receipts over (under) disbursements	<u>(2,833,252)</u>	<u>(3,058,226)</u>	<u>504,207</u>	<u>3,562,433</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balance	(2,833,252)	(3,358,226)	204,207	3,562,433
Fund balance at beginning of year	6,603,047	6,603,047	6,603,047	-
Prior year encumbrances appropriated	<u>256,095</u>	<u>256,095</u>	<u>256,095</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,025,890</u>	<u>\$ 3,500,916</u>	<u>\$ 7,063,349</u>	<u>\$ 3,562,433</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 AMERICAN RESCUE PLAN ACT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ -	\$ 3,288,551	\$ 3,288,551	\$ -
Disbursements:				
Current:				
General government:				
Legislative and executive	433,221	1,815,650	730,773	1,084,877
Public safety	355,044	1,488,007	598,902	889,105
Conservation and recreation	74,172	310,857	125,116	185,741
Economic development and assistance	643,320	2,696,184	1,085,176	1,611,008
Total disbursements	<u>1,505,757</u>	<u>6,310,698</u>	<u>2,539,967</u>	<u>3,770,731</u>
Net change in fund balance	(1,505,757)	(3,022,147)	748,584	3,770,731
Fund balance at beginning of year	1,516,390	1,516,390	1,516,390	-
Prior year encumbrances appropriated	<u>1,505,757</u>	<u>1,505,757</u>	<u>1,505,757</u>	-
Fund balance at end of year	<u>\$ 1,516,390</u>	<u>\$ -</u>	<u>\$ 3,770,731</u>	<u>\$ 3,770,731</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF NET POSITION - CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds		
	Putnam County	Nonmajor	
	EMS	Enterprise	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,888,029	\$ 552,914	\$ 2,440,943
	<u> </u>	<u> </u>	<u> </u>
Net position:			
Unrestricted	\$ 1,888,029	\$ 552,914	\$ 2,440,943
	<u> </u>	<u> </u>	<u> </u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds		
	Putnam County EMS	Nonmajor Enterprise Funds	Total
Operating receipts:			
Charges for services	\$ 1,523,719	\$ 304,664	\$ 1,828,383
Other operating receipts	-	33,119	33,119
Total operating receipts	1,523,719	337,783	1,861,502
Operating disbursements:			
Personal services	1,500,372	224,378	1,724,750
Contract services	168,176	121,962	290,138
Materials and supplies	236,582	20,875	257,457
Other	-	24,799	24,799
Capital outlay	683,965	40,252	724,217
Total operating disbursements	2,589,095	432,266	3,021,361
Operating loss	(1,065,376)	(94,483)	(1,159,859)
Nonoperating receipts (disbursements):			
Special assessments	-	159,263	159,263
Property taxes	551,072	-	551,072
Intergovernmental	8,801	-	8,801
Other nonoperating expenses	-	(1,417)	(1,417)
Other nonoperating receipts	16,192	-	16,192
Total nonoperating receipts (disbursements)	576,065	157,846	733,911
Income (loss) before transfers and capital contributions	(489,311)	63,363	(425,948)
Transfer out	-	(15,522)	(15,522)
Capital contributions	347,400	-	347,400
Change in net position	(141,911)	47,841	(94,070)
Net position at beginning of year	2,029,940	505,073	2,535,013
Net position at end of year	\$ 1,888,029	\$ 552,914	\$ 2,440,943

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 7,419,494
Cash in segregated accounts	<u>414,501</u>
Total assets	<u>7,833,995</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>\$ 7,833,995</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions:	
Intergovernmental	\$ 4,862,398
Amounts received as fiscal agent	7,277,506
Licenses, permits and fees for other governments	8,462,496
Fines and forfeitures for other governments	576,423
Property tax collection for other governments	29,653,929
Special assessments collections for other governments	75,574
Permissive license tax collected for other governments	761,457
EMS collections for other governments	547
Other custodial fund collections	95,468
Total additions	51,765,798
Deductions:	
Distributions to the State of Ohio	174,384
Distributions of state funds to other governments	4,862,398
Distributions as fiscal agent	7,663,506
Licenses, permits and fees distributions to other governments	8,364,331
Fines and forfeitures distributions to other governments	679,042
Property tax distributions to other governments	29,783,895
Special assessment distributions to other governments	75,574
Permissive license tax distributions to other governments	751,270
EMS distributions to other governments	1,429
Other custodial fund disbursements	97,341
Total deductions	52,453,170
Excess of deductions over additions	(687,372)
Other financing sources (uses):	
Advances in	306,437
Advances out	(277,102)
Total other financing sources (uses)	29,335
Net change in fiduciary net position	(658,037)
Net position beginning of year	8,492,032
Net position end of year	\$ 7,833,995

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – REPORTING ENTITY

Putnam County, Ohio (the County) is a body politic and corporate established in 1820 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County’s operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile Court Judge, and a Municipal Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Basis of Presentation

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Putnam County, this includes the Putnam County Board of Developmental Disabilities (DD), Putnam County Alcohol, Drug Addiction and Mental Health Services (ADAMHS), Putnam County Job and Family Services, and departments and activities that are directly operated by the elected County officials.

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County. There are no component units.

Potential Component Units Reported as Custodial Funds

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Putnam County. Accordingly, the activity of the following organizations is reported as custodial funds within the financial statements:

- Putnam County Soil and Water Conservation District
- Putnam County Health Department
- Putnam County Airport Authority

C. Jointly Governed Organizations and Public Risk Pools

The County participates in several jointly governed organizations and public entity risk pools, and is associated with a related organization. These organizations are presented in Notes 18 and 19 to the basic financial statements. These organizations are:

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Multi-Area Narcotics (MAN)
Blanchard River Stream Enhancement Project
Blanchard River Watershed Partnership
Ottawa River Stream Enhancement Project
Juvenile Residential Center of Northwest Ohio
Northwest Ohio Waiver Administration Council (NOWAC)
County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Service Corporation (CCASOSC)
County Employee Benefit Consortium of Ohio, Inc. (CEBCO)

The County's management believes these financial statements present all activities for which the County is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

General – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Auto License and Gas Tax – This fund accounts for State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

Brookhill Center School – This fund accounts for the operation of a school for the developmentally disabled, financed by a county-wide property tax levy and federal and state grants.

American Rescue Plan Act – This fund accounts for intergovernmental grants from the Federal government that are restricted for uses under the American Rescue Plan Act (ARPA).

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the County's major enterprise fund:

Putnam County Emergency Medical Services – This fund accounts for the daily operations of Putnam County Emergency Medical Services. Receipts are generated from ambulance fees and charges for medical services.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the County's own programs. The County has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's custodial funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent, which include the Putnam County Airport Authority, Putnam County Health Department, and the Putnam County Soil and Water Conservation District, and for taxes, state-levied shared revenues, and licenses, permits and fees collected and distributed to other political subdivisions.

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

E. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in pooled cash and cash equivalents".

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

Cash and cash equivalents and investments that are held separately within departments of the County and not included in the County treasury are recorded as “Cash in segregated accounts”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2022, the County invested in nonnegotiable certificates of deposit, STAR Ohio, United States Treasury Bills, United States Treasury Notes, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, and Federal Home Loan Mortgage Corporation (FHLMC) securities. Investments are reported at cost, except STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 were \$762,959 which includes \$620,373 assigned from other County funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

The County had interfund loans payables/receivables at December 31, 2022.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability/asset/net OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

N. Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

O. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and developmentally disabled, capital projects, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by ordinance, or by State Statute. State Statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. The \$347,400 in capital contributions in the Putnam County Emergency Medical Services fund was to purchase ambulances and other equipment.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the County has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update – 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the County does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the County. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the County. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the County.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the County.

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$272,335 in the General Fund, \$254,971 in the Auto License and Gas Tax Fund, \$297,996 in the Brookhill Center School Fund, and \$1,065,387 in the American Rescue Plan Act Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*”, certain funds that are legally budgeted in separate special revenue funds (Unclaimed Monies, Clerk of Court Title Administration, Recorder Equipment Fee, Workers’ Compensation, Medicaid Local Sales Tax, Payroll, and General Tax Prepayment Interest Funds) are considered part of the General Fund on the cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund, Auto License and Gas Tax Fund, Brookhill Center School Fund, and American Rescue Plan Act Fund.

	Net Change in Fund Cash Balance			
	General Fund	Auto License and Gas Tax Fund	Brookhill Center School Fund	American Rescue Plan Act Fund
Cash basis	\$ 2,924,498	\$ (910,867)	\$ 502,203	\$ 1,813,971
Net adjustment for revenues	121	-	-	-
Funds budgeted elsewhere	9,656	-	-	-
Adjustment for encumbrances	(272,335)	(254,971)	(297,996)	(1,065,387)
Budget basis	\$ 2,661,940	\$ (1,165,838)	\$ 204,207	\$ 748,584

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

NOTE 5 – FUND BALANCES

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

Fund balance	General	Auto License and Gas Tax Fund	Brookhill Center School Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Unclaimed monies	\$ 14,126	\$ -	\$ -	\$ -	\$ -	\$ 14,126
Total nonspendable	<u>14,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,126</u>
Restricted:						
Legislative and executive programs	-	-	-	-	2,254,216	2,254,216
Judicial programs	-	-	-	-	594,741	594,741
Public safety programs	-	-	-	-	2,676,337	2,676,337
Public works projects	-	3,837,489	-	-	1,546	3,839,035
Health programs	-	-	7,361,345	-	3,224,251	10,585,596
Human services programs	-	-	-	-	1,094,049	1,094,049
Economic development programs	-	-	-	-	108,893	108,893
Conservation and recreation	-	-	-	-	25,208	25,208
American Rescue Plan Act programs	-	-	-	4,836,118	-	4,836,118
Debt service	-	-	-	-	1,289	1,289
Capital projects	-	-	-	-	3,341,782	3,341,782
Total restricted	<u>-</u>	<u>3,837,489</u>	<u>7,361,345</u>	<u>4,836,118</u>	<u>13,322,312</u>	<u>29,357,264</u>
Committed:						
Human services programs	-	-	-	-	1,135,108	1,135,108
Economic development and assistance programs	-	-	-	-	57,072	57,072
Capital projects	-	-	-	-	12,934	12,934
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,205,114</u>	<u>1,205,114</u>
Assigned:						
Encumbrances - legislative and executive programs	118,780	-	-	-	-	118,780
Encumbrances - judicial programs	26,788	-	-	-	-	26,788
Encumbrances - public safety programs	84,988	-	-	-	-	84,988
Encumbrances - human services programs	58,382	-	-	-	-	58,382
Encumbrances - other programs	1,025	-	-	-	-	1,025
Subsequent years' appropriations	7,000	-	-	-	-	7,000
Capital projects	-	-	-	-	2,238,853	2,238,853
Total assigned	<u>296,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,238,853</u>	<u>2,535,816</u>
Unassigned	<u>11,595,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,595,820</u>
Total fund balances	<u>\$ 11,906,909</u>	<u>\$ 3,837,489</u>	<u>\$ 7,361,345</u>	<u>\$ 4,836,118</u>	<u>\$ 16,766,279</u>	<u>\$ 44,708,140</u>

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions of this state, proved the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

12. Up to two percent of the County’s average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the County had \$76,606 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$14,587,213 of the County’s bank balance of \$23,063,884, including \$9,002,030 in nonnegotiable certificates of deposit, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the County’s name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

- Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2022, the County had the following investments:

Investment type	Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 30,106,109	\$ 30,106,109	\$ -	\$ -	\$ -	\$ -
United States Treasury Bills	292,117	195,885	96,232	-	-	-
United States Treasury Notes	942,581	100,262	199,898	293,844	248,839	99,738
Federal National Mortgage Association (FNMA)	152,508	-	-	-	152,508	-
Federal Farm Credit Bank (FFCB)	449,429	-	449,429	-	-	-
Federal Home Loan Mortgage Corporation (FHLMC)	249,900	-	-	-	249,900	-
Total investments	\$ 32,192,644	\$ 30,402,256	\$ 745,559	\$ 293,844	\$ 651,247	\$ 99,738

The weighted average of maturity of investments is 0.07 years.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Interest rate risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the County’s investment policy limits portfolio maturities to five years or less.

Credit Risk: The US Treasury Bills, US Treasury Notes, Federal National Mortgage Association Notes, Federal Farm Credit Banks Notes, and Federal Home Loan Mortgage Corporation Notes carry a rating of AA+ by Standards & Poor’s. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The US Treasury Bills, US Treasury Notes, Federal National Mortgage Association Notes, Federal Farm Credit Banks Notes, and Federal Home Loan Mortgage Corporation Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the County’s name.

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk: The County places no limit on the amount it may invest in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2022:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 30,106,109	93.52
United States Treasury Bills	292,117	0.91
United States Treasury Notes	942,581	2.92
Federal National Mortgage Association (FNMA)	152,508	0.47
Federal Farm Credit Bank (FFCB)	449,429	1.40
Federal Home Loan Mortgage Corporation (FHLMC)	<u>249,900</u>	<u>0.78</u>
Total	<u>\$ 32,192,644</u>	<u>100.00</u>

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

<u>Cash and investments per Footnote</u>	
Cash on hand	\$ 76,606
Carrying amount of deposits	22,713,828
Investments	<u>32,192,644</u>
Total	<u>\$ 54,983,078</u>

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

<u>Cash and investments per Statement of Net Position – Cash Basis</u>	
Governmental activities	\$ 44,708,140
Business-Type activities	2,440,943
Custodial funds	<u>7,833,995</u>
Total	<u>\$ 54,983,078</u>

NOTE 7 – PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolutions, imposed a 1.25 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to tax. The allocation of the sales tax is the first 0.5 percent and final 0.25 percent collected goes entirely to the General Fund. For the second 0.5 percent collected, 90 percent goes to the General Fund with the remaining 10 percent going to the Capital Projects Capital Improvements Fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget Management the amount of the tax to be returned to the County. The Tax Commissioner’s certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

NOTE 8 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes. Real property taxes assessed in 2022 are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date, and are collected in and intended to finance 2023 operations. Assessed values are established by State law at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Assessed 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. The amount of the County’s tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2022, was \$10.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2022 property tax receipts were based are as follows:

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

<u>Real property</u>	
Residential	\$ 597,197,780
Agricultural	216,584,960
Commercial/industrial/mineral	78,113,080
<u>Public utility</u>	
Real	1,406,910
Personal	<u>96,478,080</u>
Total assessed value	<u>\$ 989,780,810</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Asset

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset and the net OPEB asset represent the County’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County’s obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the County does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1%	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1%	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1%

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>State and Local</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee *	10.0 %	***
2022 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	18.1 %
Post-employment Health Care Benefits **	<u>0.0 %</u>	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.
- *** This rate is determined by OPERS' Board, but is limited by ORC to not more than two percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan, and Member-Directed Plan was \$1,716,473 for 2022.

Net Pension Liabilities/Assets

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.07633100%	0.08513300%	0.06713500%	
Proportion of the net pension liability/asset current measurement date	<u>0.07551500%</u>	<u>0.07908300%</u>	<u>0.06621200%</u>	
Change in proportionate share	<u>-0.00081600%</u>	<u>-0.00605000%</u>	<u>-0.00092300%</u>	
Proportionate share of the net pension liability	\$ 6,570,111	\$ -	\$ -	\$ 6,570,111
Proportionate share of the net pension asset	-	(311,591)	(12,022)	(323,613)

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Discount Rate – The discount rate used to measure the total pension liability/asset was 6.90 percent for the Traditional Pension Plan and the Combined Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate – The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90 percent, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90 percent) or one-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 17,322,386	\$ 6,570,111	\$ (2,377,212)
Combined Plan	(232,504)	(311,591)	(373,272)
Member-Directed Plan	(10,594)	(12,022)	(13,242)

NOTE 10 – DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

See Note 9 for a description of the net OPEB asset.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00 percent of earnable salary and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$16,505 for 2022.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Net OPEB Assets

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB asset was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB asset prior measurement date	0.07620900%
Proportion of the net OPEB asset current measurement date	<u>0.07523000%</u>
Change in proportionate share	<u>-0.00097900%</u>
Proportionate share of the net OPEB asset	\$ (2,356,319)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members.

In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</u>

Discount Rate – A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate – The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB asset	\$ (1,385,737)	\$ (2,356,319)	\$ (3,161,917)

Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate – Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
County's proportionate share of the net OPEB asset	\$ (2,381,782)	\$ (2,356,319)	\$ (2,326,112)

Changes between Measurement Date and Reporting Date – Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

NOTE 11 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is in the amounts as follows:

General Liability	\$ 1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Ohio Stop Gap Employers' Liability	1,000,000
Employee Benefits Liability	1,000,000
Attorney Disciplinary Proceedings	25,000
Declaratory, Injunctive or Equitable Relief	25,000
Excess Liability	7,000,000
Privacy or Security Event Liability	1,000,000
Privacy Response Expenses	1,000,000
Electronic Equipment Data Network Interruption	250,000
Cyber Extortion	50,000
Property – Direct Physical Damage	Per schedule
Property – Collapse	Per schedule
Equipment Breakdown	100,000,000
Schedule 1 and 2	35,000
Gross Earnings/Extra Expense	2,500,000
Contingent Business Interruption	100,000
Crime	1,000,000

With the exceptions of medical coverage, dental coverage for Board of Developmental Disabilities (DD) employees, and worker's compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2005 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2022, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan’s executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan’s executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan’s selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers’ Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County provides employee medical and dental coverage through County Employee Benefit Consortium of Ohio, Inc. (CEBCO). Settled claims have not exceeded this coverage in the past three years.

The DD participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Huntington Insurance. DD converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The public entity risk pool maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

NOTE 12 – DEBT

The County’s long-term debt activity for the year ended December 31, 2022, was as follows:

	Interest Rate	Balance 12/31/21	Reductions	Balance 12/31/22	Amount Due in One Year
<u>Governmental Activities</u>					
OWDA Loan #5802	1.50%	\$ 282,092	\$ (12,192)	\$ 269,900	\$ 6,164

In 2011, the County obtained an Ohio Water Development Association (OWDA) loan, in the amount of \$404,811, with a 1.5 percent interest rate, for manhole relining. The loan will be repaid in semiannual installments over 31 years from transfers from the General Fund. This loan is considered a direct borrowing. Direct borrowings have terms negotiated directly between the County and the lender and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default. The following is a summary of the County’s future annual debt service requirements:

Year Ended December 31,	OWDA Loan		
	Principal	Interest	Total
2023	\$ 6,164	\$ 2,024	\$ 8,188
2024	12,469	3,909	16,378
2025	12,657	3,721	16,378
2026	12,847	3,531	16,378
2027	13,040	3,338	16,378
2028 - 2032	68,208	13,684	81,892
2033 - 2037	73,501	8,392	81,893
2038 - 2042	71,014	2,689	73,703
Total	\$ 269,900	\$ 41,288	\$ 311,188

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2022, were an overall debt margin of \$23,244,520 and an unvoted debt margin of \$9,897,808.

Conduit Debt

For 2022, GASB Statement No. 91, Conduit Debt Obligations was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

In 2016, the County issued \$3,500,000 in Ohio Economic Development Bonds for the purpose of making a loan to assist the Leipsic Community Center in financing a portion of the cost of acquiring, constructing, improving, installing, and equipping the facilities. The County is not obligated in any way to pay the debt charges on the bonds from any of its finds, and therefore, the debt has been excluded entirely from the County's debt presentation. As of December 31, 2022, these bonds are no longer outstanding.

NOTE 13 – POSTCLOSURE COSTS

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 2001.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The County has passed the financial accountability test in which the County has proven to be able to self-fund these future costs.

NOTE 14 – INTERFUND TRANSFERS

During 2022, the following transfers were made:

<u>Transfers In</u>	<u>Transfers Out</u>				<u>Total</u>
	<u>General</u>	<u>Brookhill Center School</u>	<u>Other Governmental</u>	<u>Other Enterprise</u>	
Other Governmental Funds	\$ 31,525	\$ 300,000	\$ 575,723	\$ 15,522	\$ 922,770

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 15 – INTERFUND ADVANCES

During 2022, the following advances were made:

<u>Advances In</u>	<u>Advances Out</u>			<u>Total</u>
	<u>General</u>	<u>Other Governmental</u>	<u>Custodial</u>	
General Fund	\$ -	\$ 372,938	\$ 275,102	\$ 648,040
Other Governmental Funds	290,729	-	-	290,729
Custodial Funds	304,437	-	2,000	306,437
Total	\$ 595,166	\$ 372,938	\$ 277,102	\$ 1,245,206

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (Continued)

NOTE 16 – INTERFUND RECEIVABLES/PAYABLES

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Interfund balances at December 31, 2022, consisted of receivables due to the General Fund in the amounts of \$69,335 payable from Custodial Funds and \$148,028 payable from Other Governmental Funds and a receivable due to a Custodial Fund in the amount of \$2,000 payable from a separate Custodial Fund.

The balance due to the General Fund includes loans made to provide working capital for operations or projects.

NOTE 17 – CONTINGENT LIABILITIES

The County is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

Multi-Area Narcotics (MAN)

Putnam County is a member of the Multi-Area Narcotics task force which is a jointly governed organization between Defiance, Williams, Fulton, Henry, Paulding, and Putnam Counties, the Village of Archbold, and the Cities of Defiance, Napoleon, and Bryan. The purpose of MAN is to act as a joint regional task force in the fight against narcotics. MAN is governed by a board consisting of the sheriffs and police chiefs of the respective counties and municipalities. The main source of revenue is from federal grants and local matching funds from the entities. In 2022, the County made a \$25,000 contribution to the MAN's operations. Information can be obtained from the Defiance County Sheriff's Office, 113 Beide Street, Defiance, Ohio 43512.

Blanchard River Stream Enhancement Project

The Joint Board of County Commissioners for the Blanchard River Stream Enhancement Project is a jointly governed organization among six counties. The Joint Board consists of eighteen members, the three county commissioners of each of the six counties. The Joint Board was formed to approve construction on the Blanchard River. Revenues are generated by assessments and a state grant. The County did not contribute to the project during 2022. The Hancock County Auditor serves as fiscal agent for this project.

Blanchard River Watershed Partnership

The Blanchard River Watershed Partnership is a jointly governed organization among six counties. The Board, working committees and a watershed coordinator serve together as a facilitator and coordinator of improving water quality issues like sediment and phosphorus reduction, failed septic systems and storm water. The County contributed \$2,000 to the project during 2022. The Hancock County Auditor serves as fiscal agent for this project.

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Ottawa River Stream Enhancement Project

The Joint Board of County Commissioners for the Ottawa River Stream Enhancement Project is a jointly governed organization among five counties. The Joint Board consists of fifteen members, the three county commissioners of each of the five counties. The Joint Board was formed to approve construction on the Ottawa River, Hog Creek, and Little Hog Creek. Revenues are generated by assessments and a state grant. The County did not contribute to the project during 2022. The Allen County Auditor serves as fiscal agent for this project.

Juvenile Residential Center of Northwest Ohio

The Juvenile Residential Center of Northwest Ohio is a jointly governed organization between Ohio, (Defiance, Fulton, Hancock, Henry, Paulding, Putnam, Ottawa, Van Wert, Williams and Wood Counties). The Center provides for juvenile rehabilitation and correction for juvenile offenders who would otherwise be eligible for commitment to the Ohio Department of Youth Services. The Center is controlled by a governing board consisting of the juvenile court judge from each of the participating counties. Each County's ability to influence the operations of the Center is limited to their representation on the governing board. Wood County serves as the fiscal agent.

Northwest Ohio Waiver Administration Council

Northwest Ohio Waiver Administration Council (NOWAC) is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code. NOWAC is organized as a council of governments as a voluntary organization of local County Boards of Developmental Disabilities in Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams Counties. NOWAC's Board of Council Members consists of the Superintendents of the member County Boards of Developmental Disabilities (County Boards of DD). The member County Boards of DD include: Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams Counties. Each of the participating counties has equal representation and no financial responsibility. NOWAC's purpose is to foster a cooperative effort in regional planning, programming, and the implementation of regional plans and programs. Its primary function is to oversee and obtain contracted services for its clientele in member counties. These services include various types of assistance provided by outside individuals or health care organizations for living maintenance of disabled clients so they can remain in their homes. Putnam County contributed \$53,204 towards NOWAC operations in 2022. Complete financial statements can be obtained from the Northwest Ohio Waiver Administration Council, 815 East Second Street, Suite B, Defiance, Ohio 43512-2511.

NOTE 19 – PUBLIC ENTITY RISK POOLS

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among approximately seventy counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

PUTNAM COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

County Commissioners Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third-party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

County Employee Benefit Consortium of Ohio, Inc.

The County is participating in an insurance group purchasing pool for employee benefit plan costs which was established under the authority granted by Section 9.833 of the Ohio Revised Code. The County Employee Benefit Consortium of Ohio, Inc. (CEBCO) was established to assist political subdivisions of the State of Ohio in controlling employee benefit plan costs. CEBCO is responsible for obtaining and providing to members within 90 days after the last day of the fiscal year, a written report by a member of the American Academy of Actuaries concerning the benefit program. This report shall certify whether the amounts reserved by CEBCO to cover potential cost of health care benefits for eligible officials, employees, and dependents are sufficient and are computed in accordance with accepted loss reserving standards. Each member political subdivision has a voting representative on the CEBCO Board.

NOTE 20 – TAX ABATEMENTS

On March 12, 2020, the County entered into a tax abatement agreement for the abatement of property taxes. The Alternative Energy Zone agreement entered into with Aurora Solar, LLC was authorized under Ohio Revised Code (ORC) through the Ohio Development Services Agency. Under the agreement, new construction for the Powell Creek Solar Project is eligible for the reduction of up to 100 percent of the assessed value on the improvements of the property. Construction on the project has not been completed; therefore, no property taxes have been abated on the project for 2022. Under the agreement, Aurora Solar, LLC will make payment in lieu of taxes on a per megawatt basis as set forth in ORC section 5727.75(G) once the project is completed and in operation.

On June 10, 2021, the County and Monroe Township have entered into a Memorandum of Understanding (MOU) for the future abatement of property taxes. The Alternative Energy Zone agreement entered into with Blue Harvest Solar Park, LLC was authorized under ORC through the Ohio Development Services Agency. Under the agreement, new construction for the Blue Harvest Solar Park is eligible for the reduction of up to 100 percent of the assessed value on the improvements of the property. Under the agreement, Blue Harvest Solar, LLC is anticipated to make payments in lieu of taxes of approximately \$449,100 to the various local governments. Of that amount, \$179,720, or 40 percent, would be allocated to the County to be used for various purposes. Construction on the project has not been completed; therefore, no property taxes have been abated on the project for 2022.

NOTE 21 – SUBSEQUENT EVENTS

On February 14, 2023, the County accepted the bid of \$889,699 from Muhlenkamp Building Corporation for the rehabilitation of the grandstand at the Putnam County Fairgrounds. On May 11, 2023, the County accepted the bid of \$4,170,000 from Helms Construction for the construction of an events center at the Putnam County Fairgrounds.

PUTNAM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
J.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job and Family Services</i>				
<u>Job and Family Services</u>				
Supplemental Nutrition Assistance Program Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2223-11-6982		\$ 108,375
Total U.S. Department of Agriculture				108,375
J.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
<u>County Commissioners</u>				
Home Investment Partnerships Program	14.239	B-C-19-1CL-2		135,841
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants	14.228	B-F-21-1CL-1		11,923
Community Development Block Grants (CHIP)	14.228	B-C-19-1CL-1		83,648
Community Development Block Grants	14.228	B-W-20-1CL-2		472,705
Community Development Block Grants	14.228	B-W-20-1CL-1		566,280
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				1,134,556
Total U.S. Department of Housing and Urban Development				1,270,397
J.S. DEPARTMENT OF TREASURY				
<i>Direct Assistance</i>				
<u>County Commissioners</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022		1,474,580
Total U.S. Department of Treasury				1,474,580
J.S. DEPARTMENT OF LABOR				
<i>Passed Through Montgomery County Workforce Investment Act Area 7</i>				
<u>Job and Family Services</u>				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	2020/21-7169-1		51,130
WIOA Dislocated Worker Formula Grants	17.278	2020/21-7169-1		25,119
WIOA Youth Activities	17.259	2020/21-7169-1		54,985
Total Workforce Innovation and Opportunity Act Cluster				131,234
Unemployment Insurance	17.225	2020/21-7169-1		5,132
Total U.S. Department of Labor				136,366
J.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
<u>County Engineer</u>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID #104744		100,000
Highway Planning and Construction	20.205	PID #106631		200,354
Total Highway Planning and Construction Cluster				300,354
Total U.S. Department of Transportation				300,354
J.S. DEPARTMENT OF ELECTION ASSISTANCE COMMISSION				
<i>Passed Through Ohio Secretary of State</i>				
<u>Board of Elections</u>				
2018 HAVA Election Security Grants	90.404	N/A		1,006
Total U.S. Department of Election Assistance Commission				1,006
J.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Direct Assistance</i>				
<u>Alcohol, Drug Addiction and Mental Health Services Board</u>				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	N/A		347,399
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
<u>Developmental Disabilities Board</u>				
Social Services Block Grant	93.667	2201OHSOSR		18,099

(continued)

PUTNAM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
assed Through Ohio Department of Job and Family Services				
<u>Job and Family Services Department</u>				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2223-11-6982		35,906
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2223-11-6982		18,373
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2223-11-6982		3,899
Children's Health Insurance Program	93.767	G-2223-11-6982		2,022
Child Support Enforcement	93.563	G-2223-11-6982		217,827
Foster Care Title IV-E	93.658	G-2223-11-6982		79,703
Adoption Assistance	93.659	G-2223-11-6982		68,338
Social Services Block Grant	93.667	G-2223-11-6982		219,678
Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6982		39,292
Medicaid Cluster:				
Medical Assistance Program	93.778	G-2223-11-6982		207,985
Temporary Assistance for Needy Families	93.558	G-2223-11-6982		427,024
Child Care and Development Funds Cluster:				
Child Care and Development Block Grant	93.575	G-2223-11-6982		15,636
Total Job and Family Services Department				1,335,683
assed Through Ohio Department of Mental Health and Addiction Services				
<u>Alcohol, Drug Addiction and Mental Health Services Board</u>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY22 / FY23	\$ 167,611	167,611
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY22 / FY23	5,433	5,433
Opioid STR	93.788	FY22 / FY23	835,067	835,067
Block Grants for Community Mental Health Services	93.958	FY22 / FY23	22,449	22,449
COVID-19 Block Grants for Community Mental Health Services	93.958	FY22 / FY23	3,997	3,997
Social Services Block Grant	93.667	FY22 / FY23	16,872	16,872
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	FY22 / FY23	27,852	27,852
Total Alcohol, Drug Addiction and Mental Health Services Board			1,079,281	1,079,281
otal Social Services Block Grant - AL #93.667			16,872	254,649
otal U.S. Department of Health and Human Services			1,079,281	2,780,462
.S. DEPARTMENT OF HOMELAND SECURITY				
assed Through Ohio Department of Emergency Management				
<u>Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	EMC-2021-EP-00002		21,408
COVID-19 Emergency Management Performance Grants	97.042	EMC-2021-EP-00007		20,138
Total Emergency Management Performance Grants				41,546
otal U.S. Department of Homeland Security				41,546
otal Expenditures of Federal Awards			\$ 1,079,281	\$ 6,113,086

he accompanying notes are an integral part of this schedule.

PUTNAM COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Putnam County, Ohio (the County) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Mental Health and Addiction Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) GRANT

For the year ended December 31, 2021 the County expended \$795 for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant, AL #97.036 that was inadvertently not included on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2021.

NOTE F – PROVIDER RELIEF FUND AND AMERICAN RESCUE PLAN (ARP) RURAL DISTRIBUTION GRANT

For the year ended December 31, 2021, the County expended \$48,651 for the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution grant, AL #93.498 that was inadvertently not included on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2021.

NOTE G – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's CDBG local program income account as of December 31, 2022 is \$56,589.

The current cash balance on the County's HOME local program income account as of December 31, 2022 is \$48,868.

NOTE H – MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Putnam County
245 East Main Street
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, Ohio, (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2023

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Putnam County
245 East Main Street
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Putnam County, Ohio's, (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Putnam County's major federal programs for the year ended December 31, 2022. Putnam County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Putnam County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2023

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PUTNAM COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027 Temporary Assistance for Needy Families – AL #93.558 Opioid SRT – AL #93.788
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2022-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

None

COMMISSIONERS:
 John C. Schlumbohm
 Michael A. Lammers
 Vincent T. Schroeder

**BOARD OF COMMISSIONERS
 OF PUTNAM COUNTY**
 245 E. MAIN STREET, SUITE 101
 OTTAWA, OHIO 45875-1968
 PHONE: 419-523-3656
 FAX: 419-523-9213

CLERK:
 Cindy M. Landwehr
GRANTS/WAGE COORDINATOR:
 Ashley M. Siefker
RECYCLING COORDINATOR:
 Alaina L. Siefker

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR 200.511(b)
 DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	This finding was first reported in 2001. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2022-001 in this report.	In 2002, the Putnam County Auditor advised the Putnam County Board of Commissioners the Auditor's Office would be following the cash basis of accounting when preparing its financial reports. The Putnam County Auditor determined the costs of preparing the county financial reports in accordance with generally accepted accounting principles outweighed the benefits derived from these reports. The Putnam County Auditor annually reviews the decision to prepare financial reports following the cash basis of accounting.
2021-002	This finding was first reported in 2006. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Partially corrected and reissued in the Management Letter.	The County contracts with an accounting firm to prepare its financial statements. The individual departments responsible for these transactions have been made aware and will work to properly classify them in the future. The County Auditor will continue to monitor the County's financial statements and consult with the accounting firm on possible corrections.

**BOARD OF COMMISSIONERS
OF PUTNAM COUNTY**

**245 E. MAIN STREET, SUITE 101
OTTAWA, OHIO 45875-1968
PHONE: 419-523-3656
FAX: 419-523-9213**

COMMISSIONERS:
John C. Schlumbohm
Michael A. Lammers
Vincent T. Schroeder

CLERK:
Cindy M. Landwehr
GRANTS/WAGE COORDINATOR:
Ashley M. Siefker
RECYCLING COORDINATOR:
Alaina L. Siefker

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2022**

Finding Number:

2022-001

Planned Corrective Action:

In 2002, the Putnam County Auditor advised the Putnam County Board of Commissioners the Auditor's Office would be following the cash basis of accounting when preparing its financial reports. The Putnam County Auditor determined the costs of preparing the county financial reports in accordance with generally accepted accounting principles outweighed the benefits derived from these reports. Specifically, in order to comply with generally accepted accounting principles, the Putnam County Auditor would be required to hire a consulting firm to assist with the conversion and would also be required to hire an appraisal firm to assist in determining the value of all assets including infrastructure. The Putnam County Auditor annually reviews the decision to prepare financial reports following the cash basis of accounting.

Anticipated Completion Date:

N/A

Responsible Contact Person:

Robert Benroth, County Auditor

OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov